

CIP Funding

	2013	2014	2015	2016	2017	2018
6% Policy	11,681,838	12,003,529	12,381,849	12,841,939	13,293,072	13,684,004
Net-Debt *	8,356,066	8,678,649	8,375,919	8,846,684	10,754,860	12,316,322
Pay-as-you-Go	3,325,771	3,324,879	4,005,929	3,995,255	2,538,212	1,367,682
<u>Free Cash</u>	<u>2,920,254</u>	<u>3,003,534</u>	<u>3,098,193</u>	<u>3,213,297</u>	<u>3,326,164</u>	<u>3,423,982</u>
Sub-Total	14,602,092	15,007,062	15,480,041	16,055,235	16,619,236	17,107,986
CIP as a % of Prior Yr Net Rev Per Policy	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%
<u>ADDITIONAL REVENUE</u>						
Additional Free Cash	1,027,475	0	0	0	0	0
Re-Approp.	560,000	0	0	0	0	0
Sale of Town Land	3,250,000	0	0	0	0	0
<u>Parking Meter Receipts</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sub-Total	4,937,475	0	0	0	0	0
TOTAL REVENUE	19,539,567	15,007,062	15,480,041	16,055,235	16,619,236	17,107,986
TOTAL CIP as a % of Prior Yr Net Rev	10.0%	7.5%	7.5%	7.5%	7.5%	7.5%

* Defined as General Fund debt less debt supported by a debt exclusion.

I again want to thank each member of the Committee, as they sacrificed their valuable time to assist the Town with a set of complex issues. As previously noted, this FY 2013 Financial Plan is built on their recommendations, which were unanimously approved by the Board on June 28, 2011.

LONG-RANGE FINANCIAL PLANNING

The cornerstone of the Town's budgeting process is the Long-Range Financial Projection, often referred to as "the Forecast". It is essential that a government have a financial planning process that assesses long-term financial implications of current and proposed policies, programs, and assumptions that develop appropriate strategies to achieve its goals. The Forecast also acts as a bridge between a municipality's annual operating budget and its CIP, bringing all of the fiscal policy and economic variables together to establish coordinated managerial direction. Revenue and expenditure forecasting, along with capital planning and debt management, are key elements in developing a strong municipal fiscal position.

Prepared annually, the five-year Forecast serves as the starting point for the ensuing budget year - - and also provides decision makers, taxpayers, and employees with an understanding of the long-term financial challenges the Town faces. In late-November / early-December, the Deputy Town Administrator and the Director of Finance present the Forecast to the Board of Selectmen. This presentation is the culmination of months of work for those two individuals, work involving the analysis of hundreds of revenue and expenditure line-items, making assumptions about economic conditions, and understanding state budget conditions.

The FY 2013 – FY 2017 Long Range Financial Projection for the General Fund makes the following key assumptions:

- In FY 2013 and FY 2014, \$1.6 million of New Growth in the Property Tax Levy. In FY 2015-2016, a base of \$1.6 million, augmented by additional levy growth from the 2 Brookline Place re-development. In FY 2017, \$1.7 million of New Growth.
- For State Aid in FY 2013, use the Governor’s budget proposal, which increases Ch. 70 aid by \$2 million and level-funds Unrestricted General Government Aid (UGGA). For FY 2014, level-funding of all aid categories. For FY 2015-FY 2017, annual 2.5% increases in Ch. 70 and UGGA.
- For Local Receipts, FY 2013 reflects an increase of \$808,000 (4%). In FY 2014-FY 2016, limited growth is expected (approximately \$300,000 / yr, or 1.5%). (A decrease in Ch. 121A payments is expected in FY 2017 due to the expiration of an agreement; those monies become part of the Property Tax base in that year.)
- Use of Free Cash continues to follow the Town’s Free Cash Policy, as recently updated by the Selectmen in 2011.
- A modest wage increase for all years for all municipal unions and increases as called for in the most recent contract with the teacher’s union for FY 2013 and FY 2014, followed by similar wage increases for all school unions for FY 2015-2017.
- Inflation in most Services, Supplies, and Capital Outlay accounts of 1.5% - 2.5% (approximately \$200,000 per year for the Schools and \$250,000 for Town departments).
- Annual utility increases of \$200,000.
- Annual Special Education growth of \$750,000.
- Enrollment growth cost increases of \$500,000 per year.
- Step increases in the School Department of \$600,000 per year and \$250,000 per year for Town Departments.

- Health Insurance rate increase of 5%, plus additional enrollment of 30 per year, for FY 2013. For FY 2014-2017, assume 30 new enrollees per year and a declining annual rate increase (8% in FY 2014, 5% in FY 2017).
- A Pension appropriation based on the most recent funding schedule approved by PERAC (began in FY 2012 and concludes in FY 2013).
- Debt Service and pay-as-you-go CIP that reflects full-funding of the CIP (6% of net revenue plus the use of Free Cash to get to 7.5%).

These assumptions create an escalating deficit position for FY 2014 and beyond, starting at \$3.1 million in FY 2014 and reaching \$8.1 million by FY 2017. It should be noted that the deficits in the out years are inflated because they are built upon a deficit in the prior fiscal year. In fact, the Town must balance its budget each year, and that balanced budget will become the base for the following year's projection. Nonetheless, the cumulative deficits in the Long Range Projection are a reminder that the Town must find ways to support a sustainable budget in the long term. The Long Range Financial Projection is detailed on the following pages:

**TOWN OF BROOKLINE
FY2013 PROGRAM BUDGET**

BUDGET MESSAGE

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUE					
Property Taxes	169,848,463	175,275,897	182,411,574	189,226,104	195,852,256
Local Receipts	21,084,438	21,257,676	21,534,115	21,988,477	21,616,518
Motor Vehicle Excise (MVE)	4,850,000	4,947,000	5,045,940	5,146,859	5,249,796
Local Option Taxes	1,950,000	1,989,000	2,028,780	2,069,356	2,110,743
Licenses & Permits	1,153,975	1,153,975	1,153,975	1,153,975	1,153,975
Parking / Court Fines	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
General Government	2,873,463	2,940,251	3,009,348	3,082,342	3,159,906
Interest Income	760,000	779,000	798,475	818,437	838,898
PILOT's	1,110,000	1,021,200	1,047,624	1,244,276	606,162
Refuse Fee	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Departmental & Other	1,787,000	1,827,250	1,849,974	1,873,232	1,897,039
State Aid	14,806,425	14,806,425	15,154,703	15,511,689	15,877,599
General Government Aid	5,089,224	5,089,224	5,213,768	5,341,425	5,472,274
School Aid	9,569,484	9,569,484	9,793,219	10,022,546	10,257,607
Tax Abatement Aid	38,557	38,557	38,557	38,557	38,557
Offset Aid	109,160	109,160	109,160	109,160	109,160
Other Available Funds	10,144,344	6,433,988	6,568,775	6,694,793	6,898,010
Parking Meter Receipts	3,950,000	3,950,000	3,950,000	3,950,000	3,950,000
Walnut Hill Cemetery Fund	50,000	50,000	50,000	50,000	50,000
State Aid for Libraries	41,555	41,555	41,555	41,555	41,555
Reimb./Pymts from Enterprise Funds	2,011,024	2,092,449	2,205,933	2,317,704	2,427,989
Reimb. from Rec Revolving Fund	281,764	299,985	321,287	335,534	350,605
Capital Project Surplus	560,000	0	0	0	0
Sale of Town-owned Land Fund	3,250,000	0	0	0	0
Free Cash	5,336,413	3,750,000	3,750,000	3,850,000	3,950,000
Capital Improvements/Other Spec Approp.	3,947,729	3,036,688	3,127,157	3,242,985	3,356,591
Operating Budget Reserve	486,736	506,115	521,193	540,497	559,432
<u>Strategic Reserves</u>	<u>901,948</u>	<u>207,197</u>	<u>101,650</u>	<u>66,518</u>	<u>33,977</u>
TOTAL REVENUE	221,220,083	221,523,987	229,419,168	237,271,063	244,194,384
\$\$ Increase	12,341,008	303,904	7,895,181	7,851,895	6,923,321
% Increase	5.9%	0.1%	3.6%	3.4%	2.9%

**TOWN OF BROOKLINE
FY2013 PROGRAM BUDGET**

BUDGET MESSAGE

	2013	2014	2015	2016	2017
EXPENDITURES					
Departmental	63,875,040	65,443,036	67,184,420	68,791,838	70,515,337
Personnel	46,238,640	47,328,640	48,628,640	49,788,640	51,058,536
Services	8,127,339	8,320,204	8,474,328	8,632,306	8,794,232
Supplies	2,035,202	2,086,083	2,138,235	2,191,690	2,246,483
Other	481,790	493,835	506,181	518,835	531,806
Utilities	5,383,640	5,583,640	5,783,640	5,983,640	6,183,640
Capital	1,588,428	1,610,634	1,633,395	1,656,726	1,680,639
Intergovernmental	20,000	20,000	20,000	20,000	20,000
Coll. Barg. - Town	940,000	950,000	960,000	970,000	1,110,000
Schools	76,896,064	80,296,064	84,396,064	88,371,264	91,821,264
Coll. Barg. - School	1,300,000	2,000,000	1,875,200	1,350,000	1,390,000
Non-Departmental - Benefits	46,073,913	48,875,772	51,962,271	55,029,112	57,947,673
Pensions	15,422,765	16,270,948	16,967,741	17,697,239	18,460,915
Group Health	23,929,561	25,980,413	27,948,984	29,788,412	31,451,695
Health Reimbursement Account (HRA)	125,000	0	0	0	0
Retiree Group Health Trust Fund (OPEB's)	2,601,928	2,715,461	3,042,300	3,372,776	3,707,557
EAP	28,000	28,000	28,000	28,000	33,000
Group Life	150,000	153,750	157,593	161,533	165,571
Disability Insurance	16,000	16,000	16,000	16,000	16,000
Workers' Compensation	1,200,000	1,225,000	1,250,000	1,300,000	1,332,500
Public Safety IOD Medical Expenses	560,660	375,000	375,000	375,000	375,000
Unemployment Compensation	350,000	300,000	250,000	250,000	250,000
Medical Disabilities	30,000	35,000	35,000	35,000	40,000
Medicare Coverage	1,660,000	1,776,200	1,891,653	2,005,152	2,115,436
Non-Departmental - General	960,761	527,841	524,629	556,425	575,432
Liability/Catastrophe Fund	253,669	58,044	40,068	56,371	54,118
Stabilization Fund	0	0	0	0	0
Affordable Housing	251,363	0	0	0	0
General Insurance	275,000	288,750	303,188	318,347	334,264
Audit/Management Services	130,000	130,000	130,000	130,000	135,000
Misc.	50,729	51,047	51,374	51,708	52,051
Non-Departmental - Debt Service	10,046,874	9,851,449	9,530,319	9,982,684	11,863,260
General Fund	10,046,874	9,851,449	9,530,319	9,982,684	11,863,260
Non-Departmental - Reserve Fund	1,946,946	2,024,459	2,084,771	2,161,990	2,237,727
Tax Supported	1,460,209	1,518,344	1,563,579	1,621,492	1,678,295
Free Cash Supported	486,736	506,115	521,193	540,497	559,432
Special Appropriations	11,183,500	6,504,792	7,259,866	7,368,239	6,028,094
Tax Supported	3,325,772	3,468,103	4,132,709	4,125,254	2,671,503
Free Cash Supported	3,947,729	3,036,688	3,127,157	3,242,985	3,356,591
Parking Meter Revenue	100,000	0	0	0	0
Capital Project Surplus	560,000	0	0	0	0
Sale of Town-owned Land Fund	3,250,000	0	0	0	0
Non-Appropriated	7,996,982	8,184,052	8,375,798	8,572,338	8,773,791
State Assessments	6,162,822	6,307,392	6,455,575	6,607,464	6,763,149
Cherry Sheet Offsets	109,160	109,160	109,160	109,160	109,160
Overlay	1,700,000	1,742,500	1,786,063	1,830,714	1,876,482
Tax Titles - Deficits/Judgements	25,000	25,000	25,000	25,000	25,000
TOTAL EXPENDITURES	221,220,083	224,657,464	234,153,338	243,153,889	252,262,579
\$\$ Increase	12,341,010	3,437,382	9,495,873	9,000,551	9,108,690
% Increase	5.9%	1.6%	4.2%	3.8%	3.7%

**TOWN OF BROOKLINE
FY2013 PROGRAM BUDGET**

BUDGET MESSAGE

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
CUMULATIVE SURPLUS/(DEFICIT)	0	(3,133,477)	(4,734,170)	(5,882,826)	(8,068,195)
DEFICIT AS A % OF OP REV	0.0 %	-1.6 %	-2.5 %	-2.7 %	-3.1 %
Surplus / (Deficit) Prior to Collective Bargaining	2,240,000	(183,480)	(1,898,970)	(3,562,826)	(5,568,195)
Town Share of Surplus / (Deficit)	940,000	254,612	172,489	99,225	(477,607)
Town Collective Bargaining	940,000	950,000	960,000	970,000	1,110,000
Total Town Surplus / (Deficit)	0	(695,388)	(787,511)	(870,775)	(1,587,607)
School Share of Surplus / (Deficit)	1,300,000	(438,093)	(2,071,459)	(3,662,051)	(5,090,588)
School Collective Bargaining	1,300,000	2,000,000	1,875,200	1,350,000	1,390,000
Total School Surplus / (Deficit)	0	(2,438,093)	(3,946,659)	(5,012,051)	(6,480,588)